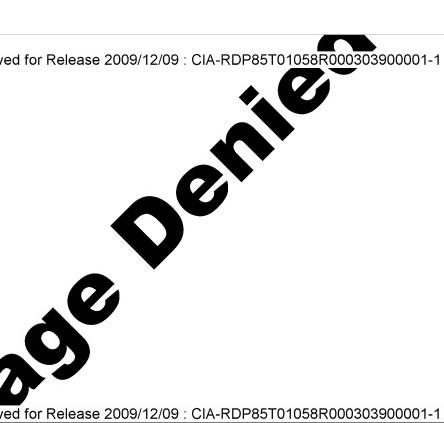
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Central Intelligence Agency





Washington, D.C. 2050°

DIRECTORATE of INTELLIGENCE

67 FEB 1985

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MEMORANDUM FOR:	Mr. William Triplett Deputy Assistant, Office of the US Special Trade Representative, White House Situation Room	
FROM:	Director of Global Issues	25X1
SUBJECT:	Iragi Oil Export Pipeline Developments	25X1
the Iraq-Jordan prospects for th	ached memorandum examines recent developments in and Iraq-Saudi Arabia export pipelines. While e Jordanian line appear dreary, completion of the s likely by early 1986.	25X1
	morandum was prepared by Strategic on, Office of Global Issues.	25X1 25X1
3. Your co welcome and may Branch, OGI,	mments and suggestions on this memorandum are he addressed to the Chief, Strategic Facilities	25X1 25X1
Attachment: Iraqi Oil Expo GI M 85-10039,	rt Pipeline Developments February 1985	25X1 25X1
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Sanitized Copy Approved for Release 2009/12/09 : CIA-RDP85T01058R000303900001-1	25X1
SUBJECT: Iraqi Oil Export Pipeline Developments	25 X 1
OGI/SRD/SFB, (7 February 1985)	25X1
Distribution:	
Original - Mr. William Triplett, White House 1 - Mr. James Placke, State 1 - Mr. Allan Wendt, State 1 - Mr. James Blaker, Defense 1 - Mr. Charles Boykin, Energy 1 - Mr. Roger Robinson, NSC 1 - SA/DDCI 1 - ExDir 1 - DDI 1 - DDI 1 - DDI Registry 1 - DDI/PES 1 - CPAS/ILS 1 - NIO/NESA (Graham Fuller) 1 - DGI/PG/Ch 1 - OGI/PG/Ch	
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MEMORANDUM

Iraqi Oil Export Pipeline Developments	
l. We believe near-term prospects for the Iraq-Jordan pipeline remain dim despite the recent flurry of activity, but if arrangements are made with minimum effort and risk from Bachdad it may go along with the project.	25X1 25X1
prospects of transit fees and oil supplies, is serving as a catalyst for bringing new life to the project.	25X1
2. Baqhdad is likely to continue encouraging discussion of the project although the seriousness of its interest remains suspect. These talks, by heightening speculation about construction of the line, provide Baghdad some leverage in its present negotiations with Turkey over the planned Iraq-Turkey pipeline expansion and transit fees. Even if Iraqi security quarantees can be satisfied, we believe Baghdad is unlikely to go ahead with the Agaba project because it would diminish its ability to obtain Saudi approval for the second stage of the Iraq-Saudi pipeline project. If Rivadh subsequently defers approval of the major upgrade, however, Baghdad probably would re-emphasize the Agaba line to assure oil export capacity consistent with its perceived security and economic interests.	20/11
3. Baghdad's highest priority oil export project is the	25 X 1
link to the Saudi East-West Petroline. Progress on the 640-kilometer spurline is well behind the scheduled September 1985 completion date. Construction has been slowed by unexpected technical problemsdefective nipe and difficult trenching conditionsas well as contractor manpower limitations imposed by Iraq. Work is underway in both Iraq and Saudi Arabia although not all right-of-way questions in Saudi Arabia have yet been resolved. Additional construction delays are likely and Iraqi oil will probably not flow through the line this year. The spur line's planned capacity of 500,000 b/d probably will not be achieved until mid-1986 when additional pumps will be	
installed.	25X1
GI M 85-10039 February 1985	25X1
2	25X1

4. Completion of the Agaba line with US encouragement and involvement could benefit US interests in the area and would reduce the vulnerability of Western oil supplies by adding another export route outside the Gulf. Construction of the line would be consistent with Iraqi interests if it did not undercut other export pipeline options, and would enhance Western relations with Iraq and Jordan and strengthen Iraqi-Jordanian economic ties. By the end of the decade, Western reliance on Gulf exports will probably be growing again, increasing the importance of available oil supplies outside the volatile Persian Gulf.

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Capacity of Oil Pipelines Bypassing the Strait of Hormuz (million b/d)

		1987		
Pipeline	Current	<u>Projected</u>	Potential	
Irag-Turkey	1.0	1.5	1.5	
Saudi Petroline	1.85	3.7	3.7	
Irag-Saudi	0	0.5	1.5	
Irag-Jordan	0	n	1.0	
Total	2.85	3.35	7.70	

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